

P-426, 405, 407, 421, 430, 520/CP-91-821 ORDER REQUIRING COST  
STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
Cynthia A. Kitlinski  
Dee Knaak

Chair  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for  
Extended Area Service From the  
Webster Exchange to  
Minneapolis/St. Paul  
Metropolitan Calling Area

ISSUE DATE: July 26, 1993

DOCKET NO. P-426, 405, 407, 421,  
430, 520/CP-91-821

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**PROCEDURAL HISTORY**

On October 21, 1991, subscribers in the Webster exchange served by Scott-Rice Telephone Company (Scott-Rice) filed a petition for extended area service (EAS) to the Minneapolis/St. Paul Metropolitan Calling Area (MCA).

On October 29, 1991, the Minnesota Department of Public Service (the Department) requested Scott-Rice to file a traffic Study for the Webster exchange.

On December 24, 1991, Scott-Rice filed the study.

On December 31, 1991, the Department filed its report and recommendation.

On July 20, 1993, the Commission met to consider this matter.

**FINDINGS AND CONCLUSIONS**

According to the extended area service (EAS) statute, the Commission must grant a petition to install EAS if 1) the petitioning exchange is contiguous to the petitioned exchange or local calling area, 2) at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the petitioned exchange or local calling area, and 3) a majority of the customers in the petitioning exchange responding to a poll indicate that they favor its installation. Minn. Stat. § 237.161, subd. 1 (a) (1990).

In processing EAS petitions, the Commission's threshold determinations are whether the petition meets the statute's adjacency and traffic requirements. If so, the Commission sets EAS rates which are then used in polling the subscribers of the petitioning exchange. Finally, if polling shows that there is adequate support among the subscribers, the Commission will order the affected telephone companies to install the EAS.

#### Adjacency

In this case, it is clear that the petitioning Webster exchange meets the adjacency requirement with respect to the MCA. See the exchange maps on file with the Department.

#### Traffic Requirement

According to traffic studies filed by Scott-Rice, more than 50 percent of Webster's subscribers make one or more calls per month to the MCA. Accordingly, Webster's petition for EAS to the MCA meets the statute's traffic requirement and warrants further consideration by the Commission.

#### Cost Studies and Proposed Rates

The Commission will now proceed to set EAS rates to be used in polling Webster subscribers to determine whether the final statutory requirement (adequate subscriber support for the proposed Webster-MCA proposed route EAS route) will be met. The costs of installing the route in question provide the foundation for such rates. In this case, Scott-Rice serves the petitioning exchange (Webster) and the MCA is served by U S West Communications, Inc. (USWC), United Telephone System-Minnesota (United), GTE-Minnesota (GTE), Vista Telephone Company (Vista), Eckles Telephone Company (Eckles), and Scott-Rice. This Order, therefore, will direct Scott-Rice and the telephone companies serving the MCA to file cost studies and proposed rates consistent with the quality required in prior EAS cases. Due to the complexity of the requested EAS route and the fact that Scott-Rice must file a lower-cost alternative [Minn. Stat. § 237.161, subd. 1 (c) (1992)], the Commission will grant the Companies 120 days to complete this task.

#### ORDER

1. Within 120 days of this Order, Scott-Rice Telephone Company (Scott-Rice) and the telephone companies serving the MCA (USWC, United, GTE, Vista, Eckles and Scott-Rice) shall file cost studies and proposed rates for the proposed Webster-MCA EAS route and serve copies on the Minnesota Department of Public Service (the Department) and the petition sponsor.

2. The cost studies and proposed rates filed pursuant to Ordering Paragraph 1 shall use the 12-month traffic methodology developed in other petitions for EAS to the MCA.
3. The Companies shall file rates for the Webster exchange that are equal to or greater than the rates in an adjacent MCA exchange, as required by Minn. Stat. § 237.161, subd. 3 (a) (1992).
4. Along with its cost study and proposed rates filed pursuant to Ordering Paragraph 1, Scott-Rice shall file a description of and rates for its lower cost alternative.
5. Within 60 days after the Companies file these items and serve copies on each other, the Department, and the petition sponsor, the Department shall file with the Commission its report and recommendations regarding these cost studies and proposed rates. If the Department's recommendations would produce rates different from those filed by the Companies, the Department shall calculate and file those different rates.
6. Any comments on the Department's reports and recommendations shall be filed within 20 days after the Department's filing.
7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)